



# Los Angeles Grand Avenue Authority



## **Board of Directors**

Hon. Gloria Molina, Chair  
Hon. Jan Perry, Vice Chair  
David E. Janssen, Secretary  
Robert R. "Bud" Ovrom

## **MARCH 5, 2007 MINUTES**

The nineteenth meeting of the Los Angeles Grand Avenue Authority was held March 5, 2007 at the Kenneth Hahn Hall of Administration, Room 374-A, 500 West Temple Street, Los Angeles, California.

## **CALL TO ORDER**

Chairperson Gloria Molina called the meeting to order at 10:10 a.m. The following Directors were present constituting a quorum of the Authority:

Gloria Molina, First District Supervisor, Board of Supervisors  
David Janssen, Chief Administrative Officer, Chief Administrative Office  
Honorable Jan Perry, Ninth District, City of Los Angeles  
Robert R. "Bud" Ovrom, Deputy Mayor, City of Los Angeles

## **APPROVAL OF THE NOVEMBER 20, 2006 MINUTES**

On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved the November 20, 2006 minutes.

## **PUBLIC HEARING AND CONSIDERATION OF VARIOUS ACTIONS RELATING TO THE GRAND AVENUE PROJECT**

- a) Open the Public Hearing in accordance with Health & Safety Code Section £33431  
The public hearing was opened.
- b) Grand Avenue Committee Project Status Report – Eli Broad  
Eli Broad, Chair, Grand Avenue Committee, advised the Authority that the CRA, City Council and The County Board of Supervisors approved all project related actions. Pending Authority approval, the project will move into the design phases with the Development team and target a construction start date of October 2007. Mr. Broad also acknowledged Director Ovrom for his leadership and dedicated efforts that he provided to the Authority over the past 3 and a half years. Lastly, Cecilia Estolano from the CRA will join the Authority as its newest Director at the next Grand Avenue Authority meeting.
- c) Staff Report on Grand Avenue Committee recommendations for Action to approve the editing changes, as previously approved by the member agencies, to the Disposition and Development Agreement and conforming changes to other Grand Avenue Project documents since the Authority's November 20, 2006 lead agency certification of Final EIR and approval of Grand Avenue Project  
Martha Welborne, Grand Avenue Committee, reported on the minor updates made to some of the previously approved documents at the Grand Avenue Authority's November 20, 2006 meeting and provided mark-up pages showing those updates.

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With respect to the Disposition and Development Agreement (DDA), most of the changes reflect clarifications of the definitions and terms concerning the affordability level of the required affordable housing unit component. Initially, the Developer agreed to exceed the requirement that half of the affordable units in Phase 1 would be targeted at the 50 percent AMI level. The Developer has proposed these units be targeted at the 35% AMI level. The agreement is now described in the DDA, and the definitions of "Affordable Housing", "Extremely Low Income Household", "Extremely Low Income Unit", "Median Income", and Section 707, are more accurately clarified to describe this agreement. Also, the agreement of the Developer to provide a revolving loan fund for predevelopment activities for the development of permanent and supportive housing for the homeless population has been included in the DDA Section 710b. Lastly, Section 1617 of the DDA addresses City of Los Angeles approvals of parking and hotel tax rebates and describes the procedure by which the City would approve implementing documents.

Exhibit S in the DDA contains final edits on the Local Hiring responsibilities of the Developer, which was in draft form due to continuing negotiation on some points with various community groups at the time of the last JPA meeting on November 20, 2006. The Authority and the Developer have negotiated an expansive package of community benefits including the provision of affordable housing and a local hiring program. The community benefit package is a recognition by both the Authority and the Developer that many people in the community have been unable to access decent and safe sanitary housing or have substantial barriers to employment that have hindered them in obtaining long term gainful employment. In addition, the recent influx of development to the Downtown area has also put greater pressures on local residents' housing and employment opportunities. These needs are documented by data and reports in the Authority's files.

The local hiring program contained in Exhibit S to the DDA targets areas within the vicinity of the project which evidence both a high rate of poverty and unemployment as well as a large number of persons with substantial barriers to employment. The State legislature of California has expressly declared in the Community Redevelopment Law that decent housing and genuine employment opportunities for the people of the State are vital to the State's prosperity. To further this goal, the legislature has tried to insure that training and employment opportunities are available to project area residents by allowing redevelopment agencies to provide for a preference for the employment of project area residents in Agency construction contracts. The community benefits program, and in particular the local hiring program, is an extension of the larger State policy and furthers the goals of redevelopment by providing persons with potentially substantial barriers to employment with training opportunities and access to jobs generated by the Grand Avenue Project. The changes contained in the document reflect the final agreements between the Developer and the community groups.

The revisions include clarifications of several definitions, an identification of the "High Unemployment Zip Codes" within Los Angeles County, and the inclusion of an agreement that construction employers will continue to use good faith efforts to hire At-Risk individuals after the required 10 percent hiring goal is achieved. Additionally, penalties for non-compliance by permanent employers on-site have been clarified and included in Exhibit S.

With respect to the previously approved ground leases, conforming language changes have been made. Paul Rutter, Gilchrist & Rutter, reported that a formula has been created to insert a ground rent number into the Ground Lease and provide a mechanism to adjust

that number as the actual improvements are determined. The Leasehold acquisition fee is \$48,218,400 provided however that such amount shall be increased or decreased as necessary based upon the actual number of residential condominium improvements, residential rental improvements, square feet of retail improvements, and hotel rooms to be constructed in the initial improvements as provided in Section 204 of the DDA. Such amount shall be decreased if and when space in the retail improvements is leased to anchor tenants as provided in Section 204 C1 aiii of the DDA. Within 30 Days after the issuance of a final certificate of occupancy for the initial improvements, lessee and the Authority shall confirm the amount of the leasehold acquisition fee as so adjusted in writing.

**On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved the editing changes, as previously approved by the member agencies, to the DDA and conforming changes to other Grand Avenue Project documents since the Authority's November 20, 2006 lead agency certification of the Final Environmental Impact Report (EIR) and approval of the Grand Avenue Project.**

- d) Staff Report on Grand Avenue Committee recommendation for Action to approve the Grand Avenue Phase 1 Incentive Rent Agreement by which member agencies direct the Authority to transfer Phase 1 Retail and Hotel Incentive Rent to the City as specified and as previously approved by the member agencies

Ms. Welborne reported that this agreement was born of the terms negotiated by the Developer with the City of Los Angeles concerning the hotel and parking tax rebates originally referenced in the Implementation Plan. This agreement was previously approved by the CRA, the City and the County and directs the Authority to transfer any Phase 1 retail and hotel incentive rent to the City up to the amount of the City hotel taxes offset in Phase 1 of the Grand Avenue Project. This document requires the agreement of the Authority because it distributes those rents.

- e) Ms. Welborne advised that none of the updates require changes or additions to the EIR, and all of the minor updates to the documents that were reviewed and approved at the Grand Avenue Authority meeting on November 20, 2006 conform to the Project document approvals by the CRA, City and County.

**On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved the Grand Avenue Phase 1 Incentive Rent Agreement by which member agencies direct the Authority to transfer Phase 1 Retail and Hotel Incentive Rent to the City as specified and as previously approved by the member agencies.**

- f) Developer comments/public testimony/comments

On behalf of the Related Companies, Bill Witte expressed his appreciation to the Authority, the CRA, City and County, as well as the general public for their support during this process. Mr. Witte reported a letter of intent has been signed with the Mandarin Oriental Hotel. The Developer is looking forward to working with the Mandarin Hotel as a partner and operator in the hotel component of the project. A neutrality agreement has been signed with union Local 11 and the Developer is progressing smoothly with project labor agreements with the building trades and carpenters union. Also, a similar agreement with SEIU for maintenance and security workers has been reached. Presently, the Developer is working with the Community Benefits Coalition with the assistance of the CRA to expand upon the community benefits agreement.

Lastly, Mr. Witte advised that the final Schematic Design will be brought to the Authority for approval in the near future.

Kevin Korenthal, Los Angeles County Chapter of Associated Builders and Contractors, expressed his concern regarding the Grand Avenue Project and that it has been designated as a Project Labor Agreement (PLA) thereby causing 85 percent of the construction industry to become unionized. Further, forcing non-union workers to pay dues for a union they will be unable to benefit from is unfair. These provisions have proven to be disastrous both economically and in human terms. Mr. Korenthal encouraged the Authority to consider eliminating the PLA clause for the Grand Avenue Project.

Brady Westwater addressed the need for the Authority to pursue a 501 (c) (3) to ensure the Civic Park is properly funded. Mr. Westwater also addressed the need to alleviate traffic congestion from Union Station to Bunker Hill due to the street closures that occur during the weekends.

- g) Close the public hearing  
Public Hearing was closed.

**ACTION ON MARKET VALUE APPRAISAL PREPARED BY CB RICHARD ELLIS FOR DETERMINATION OF PERCENTAGE SHARES OF NET REVENUES TO BE DISTRIBUTED TO THE MEMBER AGENCIES PURSUANT TO THE RENT DISTRIBUTION FORMULA IN THE JOINT POWERS AGREEMENT, AS PREVIOUSLY APPROVED BY THE MEMBER AGENCIES**

Ms. Welborne advised that the market value appraisal determines the percentage share of project rents between the CRA and the County as the property owners. The appraisal shows a total value of \$143,450,000 for all four government owned parcels (M-2, L, Q and W-2) with a percentage split of 32.2 percent for the CRA and a 67.8 percent for the County. The JPA agreement requires the approval of this document by the JPA as well as the member agencies.

**On motion of Director Perry, seconded by Director Janssen, the Authority unanimously approved the market value appraisal prepared by CB Richard Ellis for determination of the percentage shares of net revenues to be distributed to the member agencies pursuant to the rent distribution formula in the Joint Powers Agreement as previously approved by the member agencies.**

**REPORT ON FIRST AMENDMENT TO THE JOINT POWERS AGREEMENT, AS PREVIOUSLY APPROVED BY MEMBER AGENCIES, WHICH UPDATES THAT AGREEMENT TO PERMIT A CHANGE IN THE PERCENTAGE SHARE OF NET REVENUES DISTRIBUTION FORMULA IN THE FUTURE IF PORTIONS OF THE PROJECT ARE NOT DEVELOPED AND CLARIFIES THAT PRIOR COUNTY BOARD APPROVAL IS REQUIRED FOR SPECIFIED DEVELOPER TRANSFERS OF COUNTY PROPERTY**

Ms. Welborne advised the Authority that this item is simply a report and does not require an action by the Authority. This item only requires the agreement of the member agencies who were the original contracting parties to the JPA, (i.e. CRA and County), both of which have already approved this amendment. The original JPA document did not contemplate the phasing of the project. The amendment revises the original document to allow an equitable adjustment of the revenue distribution formula if there are changes in the number of parcels included in the project in the future.

The amendment also clarifies when County approval is required for any Developer transfer of County owned property.

### **Director Ovrom**

Chairperson Molina gave thanks to Director Ovrom for his expertise and leadership while serving on the Grand Avenue Authority. Director Perry also commended Director Ovrom for his efforts and noted that he was an invaluable resource to the Authority during his tenure.

### **DISCUSSION OF FUTURE AGENDA ITEMS, DATE OF THE NEXT MEETING**

Ms. Welborne reported the approval of the Schematic Design for the Civic Park and Phase 1 development site will soon be ready for approval and it is anticipated that Schematics for Parcel Q should be available within three months. Ms. Welborne reported the next regular Authority meeting is scheduled for Monday, March 26, 2007.

### **PUBLIC COMMENT**

There was none.

### **CLOSED SESSION: Conference with Legal Counsel – Anticipated Litigation (Subdivision (b) of Government Code Section 54956.9) Significant Exposure to Litigation (two cases) Transactional occurrence that might result in litigation: Approvals of the Grand Avenue Project**

The Authority recessed at 10:35 a.m.  
The Authority reconvened at 10:48 a.m.

### **ADJOURNMENT**

No reportable action was taken in closed session. There being no further business, the meeting was adjourned at 10:49 a.m.